

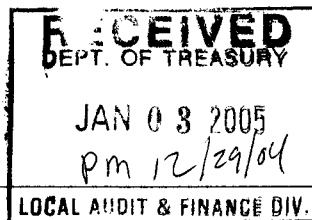
**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Year Ended June 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name City of Ferrysburg	County Ottawa
Audit Date 6/30/04	Opinion Date 10/5/04	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Beene Garter LLP			
Street Address 50 Monroe NW, Suite 600	City Grand Rapids	State MI	ZIP 49503-2679
Accountant Signature <i>Beene Garter LLP</i>		Date <i>12/28/04</i>	

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Honorable Mayor, Members of Council
and the City Manager
The City of Ferrysburg
Ferrysburg, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of The City of Ferrysburg, Michigan as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of The City of Ferrysburg, Michigan as of June 30, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of July 1, 2003.

The management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 47 through 53, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

October 5, 2004
Grand Rapids, Michigan

*Big enough to be experts, small enough to care*SM

AUDIT, TAX & ADVISORY SERVICES EMPLOYER SUPPORT SERVICES WEALTH MANAGEMENT SERVICES

A MEMBER OF MOORE STEPHENS INTERNATIONAL

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Ferysburg's financial performance provides readers an overview of the City's financial activities for the fiscal year ended June 30, 2004. We encourage readers to read this information in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- During the year, the City had revenues in Government Activities that were \$762,000 more than the \$1.861 million in expenses.
- The City's business-type activities had revenues of \$479,892 while expenses were \$546,606.
- The cost of all City programs were \$2.407 million.
- The General Fund reported a surplus this year of \$127,000.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as introduction to the City's basic financial statements. The City's basic financial statements are comprised of three (3) components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide corporate-like statements and provide readers with a broad overview of the City's finances.

The Statement of Net Assets and the Statement of Activities report information about the City as a whole. These two statements help answer the question "Is the City as a whole better off or worse off as a result of the year's activities?" These two statements report the City's net assets and changes in them.

Governmental activities and Business-type activities are reported in these two statements. Governmental activities reflect the City's basic service, including police, fire, public works, and recreation. Property taxes and State Revenues finance the majority of these services. Business-type activities reflect private type operations. The City's water and sanitary sewer system is reported here.

The Government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The Fund Financial Statement allows the demonstration of sources and uses and the associated budgeting compliance. The funds of the City are divided into three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

The City as a Whole

City of Ferrysburg's Net Assets

Summary of Net Assets as of June 30, 2004

	Governmental Activities	Business-type Activities	Total Primary Government
Current Assets	\$ 2,534,167	\$ 1,251,460	\$ 3,785,627
Capital Assets	1,821,203	5,570,483	7,391,686
Total Assets	<u>\$ 4,355,370</u>	<u>\$ 6,821,943</u>	<u>\$ 11,177,313</u>
Current liabilities	\$ 80,166	\$ 521,142	\$ 601,308
Long-term debt outstanding	-	1,409,413	1,409,413
Total Liabilities	<u>\$ 80,166</u>	<u>\$ 1,930,555</u>	<u>\$ 2,010,721</u>
Net Assets:			
Invested in capital assets, net of debt	\$ 1,821,203	\$ 3,725,635	\$ 5,546,838
Restricted	86,650	179,677	266,327
Unrestricted	2,367,351	986,076	3,353,427
Total net assets	<u>\$ 4,275,204</u>	<u>\$ 4,891,388</u>	<u>\$ 9,166,592</u>

A portion of the City governmental activities' net assets of \$86,650 (2.03%) represents resources that are subject to external restriction on how they may be used. The City may use the remaining balance of unrestricted net assets of \$2,367,351 (55.4%) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three (3) categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Summary of Changes in Net Assets for the year ended June 30, 2004:

	Governmental Activities	Business-type Activities	Total Primary Government
Revenues			
Program revenues			
Charges for services	\$ 330,990	\$ 484,341	\$ 815,331
State grants and entitlements	620,147		620,147
General revenues			
Property taxes	1,097,193	207,224	1,304,417
State Revenue	267,429		267,429
Investment Earnings	38,639	12,192	50,831
Other revenue	44,930		44,930
Total Revenues	2,399,328	703,757	3,103,085
Expenses			
General government	483,295		483,295
Public safety	518,213		518,213
Public Works	666,171		666,171
Parks and recreation	140,333		140,333
Other	52,539		52,539
Interest on Long-Term Debt		111,928	111,928
Water & Sewer		434,678	434,678
Total Expenses	1,860,551	546,606	2,407,157
Excess Before Transfers	538,777	157,151	695,928
Transfers	223,865	(223,865)	--
Change in Net Assets	\$ 762,642	\$ (66,714)	\$ 695,928

Governmental Activities

The increase in the City's net assets was due to:

- The City was allowed by State law to increase its property tax by 2.3% (the rate of inflation). The City's assessed value of property increased by 6.5%, however, because of property tax limitation laws, tax revenue was limited.
- State shared revenue decreased by 11.61%. The State of Michigan collects sales tax and redistributes a portion of these collections to local jurisdictions. The State's financial condition and its ability to finance any temporary cash flow deficiencies affect the amount distributed.

Business-Type Activities

The City has two business-type activities: the water and sewer systems. Revenues in the City's Water and Sewer funds were \$702,980 and expenses were \$769,694, including transfers of \$111,000. The major sewer bond will be retired in 2005, leaving smaller bond payments through 2015.

The City's Funds

For the fiscal year ending June 30, 2004, the governmental funds reported a combined fund balance of \$2.428 million.

Each year the State provides the City with a portion of the gasoline tax revenues it collects. This money can only be used to replace, maintain, or improve the City's roads. Federal Transportation Surface Funds in the amount of \$375,000 were also received in the form of a grant to improve 174th Avenue. During the fiscal year, we used \$580,755 to improve 174th Avenue.

General Fund Budgetary Highlights

City departments overall stayed below budget, resulting in total expenditures \$127,312 below budget, which increase the General Fund balance by the same amount.

Capital Asset and Debt Administration

Capital Assets

During the fiscal year ended June 30, 2004, the City invested in a broad range of capital assets. This year's major additions included:

City Hall computer system	\$ 11,859
Fire Department Hose Tester	4,994
Foam Firefighting Equipment	14,297
Dump Truck	84,177
Ridge Avenue Bike Path	80,965

The Fire Department received a FEMA grant towards the purchase of foam firefighting equipment.

Debt

The City incurred no new debt during the fiscal year ending June 30, 2004. The balance owing on the city water system and sanitary sewer system at year end was \$1,844,848.

Economic Factors and Next Year's Budget and Rates

The West Michigan area, especially the Northwest Ottawa region economic outlook compare favorably to the economic outlook of the nation as a whole. The unemployment rate for Ottawa County at June 30, 2004 was 5.3 percent, which is comparable to the state's average unemployment rate of 6.5 percent.

The City is part of the Northwest Ottawa Water System (NOWS). In 2002, NOWS completed construction of a new intake. After a short period of being in operation, it was discovered the new intake was defective. Since that time, the contractor has filed suit against the Ottawa County Road Commission, the agent on NOWS. At this time, it is unknown whether the new intake will need to be repaired or reconstructed. The means of financing any repair work is also unknown at this time.

Financial Contact

The City's financial statements are designed to present a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this report or need additional financial information, contact Ferrysburg City Hall, PO Box 38, Ferrysburg, MI 49409-0038.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS

June 30, 2004

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 2,228,969	\$ 601,989	\$ 2,830,958
Receivables, net	177,758	140,721	318,479
Prepaid expenses	29,526	--	29,526
Restricted assets			
Cash	97,914	485,810	583,724
Special assessment receivable	--	22,940	22,940
Capital assets, net of depreciation	<u>1,821,203</u>	<u>5,570,483</u>	<u>7,391,686</u>
TOTAL ASSETS	\$ <u>4,355,370</u>	\$ <u>6,821,943</u>	\$ <u>11,177,313</u>
LIABILITIES			
Accounts payable - trade	\$ 59,328	\$ 39,423	\$ 98,751
Salaries payable	10,440	--	10,440
Accrued liabilities	10,398	46,284	56,682
Noncurrent liabilities			
Bonds payable, due within one year	--	435,435	435,435
Bonds payable, due in more than one year	<u>--</u>	<u>1,409,413</u>	<u>1,409,413</u>
TOTAL LIABILITIES	80,166	1,930,555	2,010,721
NET ASSETS			
Investment in capital assets, net of related debt	1,821,203	3,725,635	5,546,838
Restricted for:			
Debt service	--	179,677	179,677
Other purposes	86,650	--	86,650
Unrestricted	<u>2,367,351</u>	<u>986,076</u>	<u>3,353,427</u>
TOTAL NET ASSETS	<u>4,275,204</u>	<u>4,891,388</u>	<u>9,166,592</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>4,355,370</u>	\$ <u>6,821,943</u>	\$ <u>11,177,313</u>

See accompanying notes

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES

Year Ended June 30, 2004



BEENE GARTER LLP

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 483,295	\$ 54,125	\$	\$	\$ (429,170)	\$	\$ (429,170)
Public safety	518,213	22,213			(496,000)		(496,000)
Public works	666,171	251,186	245,147	375,000	205,162		205,162
Parks and recreation	140,333				(140,333)		(140,333)
Other	52,539	3,466			(49,073)		(49,073)
Total governmental activities	1,860,551	330,990	245,147	375,000	(909,414)	--	(909,414)
Business-type Activities							
Water and sewer	546,606	484,341			--	(62,265)	(62,265)
TOTAL PRIMARY GOVERNMENT	\$ 2,407,157	\$ 815,331	\$ 245,147	\$ 375,000	(909,414)	(62,265)	(971,679)
General revenues							
Taxes							
Property taxes, levied for general purposes					1,097,193		1,097,193
Property taxes, levied for debt service						207,224	207,224
State-shared revenue					267,429		267,429
Interest and investment earnings					38,639	12,192	50,831
Other					48,490		48,490
Special item - Loss on disposal of assets					(3,560)		(3,560)
Transfers					223,865	(223,865)	--
TOTAL GENERAL REVENUES					1,672,056	(4,449)	1,667,607
CHANGE IN NET ASSETS					762,642	(66,714)	695,928
Net Assets at Beginning of Year					3,512,562	4,958,102	8,470,664
NET ASSETS AT END OF YEAR					\$ 4,275,204	\$ 4,891,388	\$ 9,166,592

See accompanying notes

GOVERNMENTAL FUNDS

	<u>General Fund</u>	<u>Major Street Fund</u>
ASSETS		
Cash	\$ 655,449	\$ 351,140
Receivables		
Taxes	18,088	
Special assessments		10,398
Customers, billed		
Due from other governmental units	107,486	32,015
Prepaid expenditures	23,039	532
Restricted cash	<u>97,914</u>	<u> </u>
TOTAL ASSETS	\$ <u>901,976</u>	\$ <u>394,085</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable - trade	\$ 38,674	\$ 16,141
Salaries payable	3,579	
Deferred revenue	<u> </u>	<u>10,398</u>
TOTAL LIABILITIES	42,253	26,539
FUND BALANCE		
Reserved for		
Prepaid expenses	23,039	532
Harbor Transit	48,095	
K/L Fund	38,555	
Unreserved	<u>750,034</u>	<u>367,014</u>
TOTAL FUND BALANCE	<u>859,723</u>	<u>367,546</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>901,976</u>	\$ <u>394,085</u>

**CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2004

Local Street Fund	Public Improvement Fund	Vehicle Replacement Fund	Building Department Fund	Total Governmental Funds
\$ 196,772	\$ 356,164	\$ 567,965	\$ 71,825	\$ 2,199,315
				18,088
				10,398
			165	165
9,606				149,107
				23,571
				97,914
<u>\$ 206,378</u>	<u>\$ 356,164</u>	<u>\$ 567,965</u>	<u>\$ 71,990</u>	<u>\$ 2,498,558</u>
\$ 679	\$	\$	\$ 1,575	\$ 57,069
				3,579
				10,398
679	--	--	1,575	71,046
				23,571
				48,095
				38,555
<u>205,699</u>	<u>356,164</u>	<u>567,965</u>	<u>70,415</u>	<u>2,317,291</u>
<u>205,699</u>	<u>356,164</u>	<u>567,965</u>	<u>70,415</u>	<u>2,427,512</u>
<u>\$ 206,378</u>	<u>\$ 356,164</u>	<u>\$ 567,965</u>	<u>\$ 71,990</u>	<u>\$ 2,498,558</u>

See accompanying notes

**CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO
STATEMENT OF NET ASSETS**

June 30, 2004

**Amounts reported for governmental activities in the
statement of net assets are different because:**

Total Fund Balance - Governmental Funds **\$ 2,427,512**

Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the governmental funds.

The cost of capital assets is	\$ 3,215,138	
Accumulated depreciation is	<u>(1,393,935)</u>	1,821,203

Internal service funds are used by management to
charge the costs of certain activities to individual
funds. The assets and liabilities of internal
service funds are included in governmental
service in the statement of net assets

26,489

Total Net Assets - Governmental Activities **\$ 4,275,204**

See accompanying notes

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Public Improvement Fund</u>
Revenues				
Taxes	\$ 702,178	\$	\$	\$ 307,868
Special assessments		3,466		
Licenses and permits				
State grants	267,429	563,626	56,521	
Charges for services	54,125			
Fines and forfeits	22,213			
Interest	20,381	3,563	1,689	5,714
Other revenue	<u>43,659</u>	<u></u>	<u></u>	<u></u>
TOTAL REVENUES	1,109,985	570,655	58,210	313,582
Expenditures				
Current				
General government	427,042			
Public safety	479,223			
Public works	84,998	662,499	78,571	
Parks and recreation	221,298			
Other	<u>26,912</u>	<u></u>	<u></u>	<u></u>
TOTAL EXPENDITURES	<u>1,239,473</u>	<u>662,499</u>	<u>78,571</u>	<u>--</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(129,488)	(91,844)	(20,361)	313,582
Other Financing Sources (Uses)				
Transfers in	256,800	200,000	52,000	
Transfers (out)	<u></u>	<u>(51,100)</u>	<u>(3,700)</u>	<u>(307,000)</u>
NET CHANGE IN FUND BALANCES	127,312	57,056	27,939	6,582
Fund Balance at Beginning of Year	<u>732,411</u>	<u>310,490</u>	<u>177,760</u>	<u>349,582</u>
FUND BALANCE AT END OF YEAR	\$ <u>859,723</u>	\$ <u>367,546</u>	\$ <u>205,699</u>	\$ <u>356,164</u>

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -
GOVERNMENTAL FUNDS

Year Ended June 30, 2004

Vehicle Replacement Fund	Building Department Fund	Total Governmental Funds
87,147	\$	\$ 1,097,193
		3,466
	55,827	55,827
		887,576
		54,125
		22,213
6,381	751	38,479
		43,659
93,528	56,578	2,202,538
		427,042
		479,223
		826,068
		221,298
<u>85,000</u>	<u>25,627</u>	<u>137,539</u>
<u>85,000</u>	<u>25,627</u>	<u>2,091,170</u>
8,528	30,951	111,368
		508,800
<u>(21,000)</u>	<u>(15,000)</u>	<u>(397,800)</u>
(12,472)	15,951	222,368
<u>580,437</u>	<u>54,464</u>	<u>2,205,144</u>
<u>567,965</u>	<u>70,415</u>	<u>2,427,512</u>

See accompanying notes

**CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$	222,368
---	-----------	----------------

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	\$ (80,764)		
Loss on disposal of assets	(3,560)		
Expenditures for capital assets	<u>580,612</u>		496,288

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

43,986

Change in Net Assets of Governmental Activities	\$	<u>762,642</u>
--	-----------	-----------------------

See accompanying notes

PROPRIETARY FUNDS

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
ASSETS				
Current Assets				
Cash	\$ 7,569	\$ 594,420	\$ 601,989	\$ 29,654
Receivables				
Accounts	44,673	52,138	96,811	
Connection fees receivable		16,761	16,761	
Special assessments - deferred	13,926	13,223	27,149	
Prepaid expenses			--	5,955
Restricted assets				
Cash	267,778	218,032	485,810	
Special assessment receivable - current	20,287	2,653	22,940	
Noncurrent Assets				
Capital assets, net of accumulated depreciation	<u>3,523,073</u>	<u>2,047,410</u>	<u>5,570,483</u>	<u>118,994</u>
 TOTAL ASSETS	 \$ <u>3,877,306</u>	 \$ <u>2,944,637</u>	 \$ <u>6,821,943</u>	 \$ <u>154,603</u>

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2004

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Current liabilities				
Accounts payable	\$ 22,569	\$ 16,854	\$ 39,423	\$ 2,259
Salaries payable			--	6,861
Current portion of bonds payable	<u>267,513</u>	<u>167,922</u>	<u>435,435</u>	
Total Current Liabilities	290,082	184,776	474,858	9,120
Noncurrent liabilities				
Deferred revenue	13,647	15,876	29,523	
Deferred connection fee revenue		16,761	16,761	
Bonds payable, net of deferral on advanced refunding	<u>120,578</u>	<u>1,288,835</u>	<u>1,409,413</u>	
Total Noncurrent Liabilities	<u>134,225</u>	<u>1,321,472</u>	<u>1,455,697</u>	<u>--</u>
TOTAL LIABILITIES	424,307	1,506,248	1,930,555	9,120
Net Assets				
Invested in capital assets, net of related debt	3,134,982	590,653	3,725,635	118,994
Restricted for				
Prepaid expenses			--	5,955
Debt service	11,770	167,907	179,677	
Unrestricted	<u>306,247</u>	<u>679,829</u>	<u>986,076</u>	<u>20,534</u>
TOTAL NET ASSETS	<u>3,452,999</u>	<u>1,438,389</u>	<u>4,891,388</u>	<u>145,483</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,877,306</u>	\$ <u>2,944,637</u>	\$ <u>6,821,943</u>	\$ <u>154,603</u>

See accompanying notes

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS

Year Ended June 30, 2004

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
Operating Revenues				
Charges for services	\$ 179,934	\$ 214,018	\$ 393,952	\$ 393,224
Penalties and interest charges	8,079	6,504	14,583	
Connection fees	<u>32,835</u>	<u>16,945</u>	<u>49,780</u>	
TOTAL OPERATING REVENUES	220,848	237,467	458,315	393,224
Operating expenses				
Cost of sales and services	135,046	141,920	276,966	317,202
Depreciation	<u>171,376</u>	<u>98,424</u>	<u>269,800</u>	<u>37,027</u>
TOTAL OPERATING EXPENSES	306,422	240,344	546,766	354,229
OPERATING (LOSS) INCOME	(85,574)	(2,877)	(88,451)	38,995
Nonoperating Revenues (Expenses)				
Property taxes	207,224		207,224	
Interest income	2,760	9,432	12,192	160
Other income	8,004	17,245	25,249	4,831
Interest expense	<u>(30,243)</u>	<u>(81,685)</u>	<u>(111,928)</u>	
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>187,745</u>	<u>(55,008)</u>	<u>132,737</u>	<u>4,991</u>
NET INCOME (LOSS) BEFORE TRANSFERS (OUT)	102,171	(57,885)	44,286	43,986
Transfers out	<u>(37,000)</u>	<u>(74,000)</u>	<u>(111,000)</u>	
CHANGE IN NET ASSETS	65,171	(131,885)	(66,714)	43,986
Total Net Assets at Beginning of Year	<u>3,387,828</u>	<u>1,570,274</u>	<u>4,958,102</u>	<u>101,497</u>
TOTAL NET ASSETS AT END OF YEAR	\$ <u>3,452,999</u>	\$ <u>1,438,389</u>	\$ <u>4,891,388</u>	\$ <u>145,483</u>

See accompanying notes

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2004

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities				
Receipts from customers	\$ 455,950	\$ 247,386	\$ 703,336	\$
Internal activity - receipts from other funds				393,224
Payments to suppliers	(130,428)	(157,439)	(287,867)	(53,173)
Payments to employees				(264,426)
Other receipts (payments)	<u>8,004</u>	<u>17,245</u>	<u>25,249</u>	<u>4,831</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	333,526	107,192	440,718	80,456
Cash Flows from Noncapital Financing Activities				
Operating subsidies and transfers to other funds	<u>(37,000)</u>	<u>(74,000)</u>	<u>(111,000)</u>	
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets			--	(84,178)
Principal paid on capital debt	(259,486)	(151,948)	(411,434)	
Interest paid on capital debt	<u>(30,243)</u>	<u>(81,685)</u>	<u>(111,928)</u>	
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(289,729)</u>	<u>(233,633)</u>	<u>(523,362)</u>	<u>(84,178)</u>
Cash Flows from Investing Activities				
Interest income	<u>2,760</u>	<u>9,432</u>	<u>12,192</u>	<u>160</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,557	(191,009)	(181,452)	(3,562)
Cash at Beginning of Year	<u>265,790</u>	<u>1,003,461</u>	<u>1,269,251</u>	<u>33,216</u>
CASH AT END OF YEAR	\$ <u>275,347</u>	\$ <u>812,452</u>	\$ <u>1,087,799</u>	\$ <u>29,654</u>

See accompanying notes

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)

Year Ended June 30, 2004

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
Cash at End of Year Consists of the Following				
Cash	\$ 7,569	\$ 594,420	\$ 601,989	\$ 29,654
Restricted assets - cash	<u>267,778</u>	<u>218,032</u>	<u>485,810</u>	<u></u>
CASH AT END OF YEAR	\$ <u>275,347</u>	\$ <u>812,452</u>	\$ <u>1,087,799</u>	\$ <u>29,654</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 129,654	\$ 14,368	\$ 144,022	\$ 43,826
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation expense	171,376	98,424	269,800	37,027
Change in assets and liabilities				
Receivable	29,418	15,165	44,583	
Prepaid expenses				(1,011)
Accounts payable	4,618	(15,519)	(10,901)	(534)
Deferred revenue	<u>(1,540)</u>	<u>(5,246)</u>	<u>(6,786)</u>	<u>1,148</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>333,526</u>	\$ <u>107,192</u>	\$ <u>440,718</u>	\$ <u>80,456</u>

See accompanying notes

FIDUCIARY FUNDS

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS

June 30, 2004

	Fire Department Trust Fund	Tax Collection Agency Fund
ASSETS		
Cash	\$ <u>915</u>	\$ <u>5,980</u>
LIABILITIES		
Accrued liabilities	\$	\$ 3,104
Due to other funds	<u> </u>	<u>2,876</u>
TOTAL LIABILITIES	<u>- -</u>	\$ <u>5,980</u>
NET ASSETS		
Held in trust	\$ <u>915</u>	

See accompanying notes

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS

Year Ended June 30, 2004

	Fire Department <u>Trust Fund</u>
ADDITIONS	
Miscellaneous revenue	\$ 3,763
DEDUCTIONS	
Miscellaneous deductions	<u>2,848</u>
CHANGE IN NET ASSETS	915
Net Assets at Beginning of Year	<u>--</u>
NET ASSETS AT END OF YEAR	\$ <u><u>915</u></u>

See accompanying notes

June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ferrysburg was incorporated in 1963 under the provision of the Home Rule Act of the State of Michigan. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: Public safety (police and fire), highways and streets, health, recreation, public improvements, utilities, planning and zoning, and general administrative services.

The accounting policies of The City of Ferrysburg conform to U.S. generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Excluded from the reporting entity:

Ottawa Area Intermediate School District, Grand Haven Public School System, and Loutit District Library. These potential component units have separate elected and/or appointed boards and provide services to residents, generally within the geographic boundaries of the City. These are excluded from the reporting entity because the City does not have the ability to exercise influences or control over their daily operations, approve budgets or provide funding.

Grand Haven-Spring Lake Sewer Authority, Northwest Ottawa Water System, Harbor Transit Advisory Committee, and North Ottawa Community Hospital Authority. These potential component units have been appointed jointly by the area governments' governing bodies. These are independent units that select management staff, set user charges, establish budgets, and control all aspects of their daily activities.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Real estate and personal property tax revenues are recorded as revenues principally on the cash basis until year-end, at which time tax receipts received within 60 days of year-end are accrued. Permits and fines are recorded as revenues when received. Intergovernmental revenues, consisting principally of categorical aid from state agencies, are recognized when earned. Revenues from general purpose grants are recognized in the period to which the grant applies.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available criteria" for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Governmental Funds

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Major Street Fund

The Major Street Fund is a special revenue fund used to account for the resources of state gas and weight tax revenues that are restricted for the repair, maintenance, and construction of the City's major streets as identified by the State of Michigan Department of Transportation.

Local Street Fund

The Local Street Fund is a special revenue fund used to account for the resources of state gas and weight tax revenues that are restricted for the repair, maintenance, and construction of the City's local streets as identified by the State of Michigan Department of Transportation.

Public Improvement Fund

The Public Improvement Fund is a special revenue fund used to account for the collection of property tax revenues that are transferred to the General Fund or other special revenue funds for various public improvement capital outlays.

Vehicle Replacement Fund

The Vehicle Replacement Fund is a special revenue fund used to account for the collection of property tax revenues that are transferred to the General Fund or other special revenue funds and are used to purchase vehicles for City business.

Building Department Fund

The Building Department Fund is a special revenue fund that accounts for the activities of the various building, plumbing, electrical, and mechanical inspections performed on behalf of the City and the related permit fee collections.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Proprietary Funds

The government reports the following major proprietary funds:

Sewer Fund

The Sewer Fund accounts for the activities of the sewage collection system.

Water Fund

The Water Fund accounts for the activities of the water distribution system.

Additionally, the City reports the following fund types:

Internal Service Fund

The Internal Service Fund is used to account for the financing of goods or services provided by the Public Works Department to other departments of the City on a cost-reimbursement basis.

Fiduciary Fund Type

Trust and Agency Funds

Trust Funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds. The City maintains a Fire Department Fund used to account for various activities of the City's fire department.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has a Deferred Compensation Fund used to account for payments into the deferred compensation plan.

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Budgets and Budgetary Accounting

The City follows these procedures, which comply with legal requirements, in establishing the budgetary data reflected in the financial statements:

- a. On or about April 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally enacted through passage of a resolution.
- d. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- e. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
- f. Formal budgetary integration is used as a management control device during the year for all funds.

Budgeted amounts are as originally adopted, or as amended by the City Council as of June 30, 2004.

Property Taxes

Property taxes are levied on July 1 and become a lien as of the same date. Taxes may be paid on or before August 31, without penalty. The City bills and collects its own property taxes and also property taxes for the local and intermediate school districts, the county, and the state. Collection of these taxes and remittance of them to the districts, the county, and the state are accounted for in the Tax Collection Agency Fund. City property tax revenues are recognized in the period for which they are levied.

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

The City is permitted by law to levy taxes up to 5 mills (\$5.00) per 1,000 mills (\$1,000) of taxable value for general operating purposes, excluding payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt upon general election approval. The City is also permitted by law to levy taxes up to 5 mills (\$5.00) per 1,000 mills (\$1,000) of taxable value for street lighting and purposes other than operating expenses. The City is also permitted by law to levy taxes: up to 1 mill (\$1.00) per 1,000 mills (\$1,000) of taxable value for public transportation purposes; up to 1.25 mills (\$1.25) per 1,000 mills (\$1,000) of taxable value for vehicle replacement purposes; up to .25 mills (\$.25) per 1,000 mills (\$1,000) of taxable value for museum purposes; and up to .125 mills (\$.125) per 1,000 mills (\$1,000) of taxable value for council on aging purposes.

Tax rates for the year ended June 30, 2004 are as follows (per 1,000 mills) (\$1,000):

General operating	5.0000 Mills	\$	(5.0000)
Street lighting	.2650 Mills		(.2650)
Museum	.2431 Mills		(.2431)
Vehicle replacement	.7360 Mills		(.7360)
Sewer debt retirement	1.7500 Mills		(1.7500)
Street and drains	2.6000 Mills		(2.6000)
Harbor Transit	.2850 Mills		(.2850)
Council on Aging	.1209 Mills		(.1209)
	<u>11.0000 Mills</u>	<u>\$</u>	<u>(11.0000)</u>

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has elected to not report major general infrastructure assets retroactively.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and improvements	10 - 50
Roads	10 - 30
Other infrastructure	25
Vehicles	5 - 20
Machinery and equipment	5 - 20
Computer equipment	3 - 20
Water system and sewer system	20 - 40

Restricted Assets

Certain resources of the general fund are classified as restricted assets on the balance sheet because their use is restricted for public transit and public improvements.

The Enterprise Funds set aside certain resources for debt retirement, which are also classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change

Effective July 1, 2003, the City implemented the provisions of Government Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB No. 34). Changes to the City's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the City's overall financial position and results of operations has been included. Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the City's activities have been provided.

Capital assets in the governmental activities column of the statement of net assets includes assets totaling \$2,030,594 previously reported in the General Fixed Assets Account Group. Capital assets at July 1, 2003 previously reported in the General Fixed Assets Account Group have been reduced by \$157,507 to reflect the historical cost of the City's capital assets at that date in accordance with the City's capitalization policy.

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

NOTE 2 - DEPOSITS

Michigan Complied Laws, Section 129.91, authorizes the City to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The City is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The City Council has designated three banks for the deposit of City funds. The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and CD's, but not the remainder of State authority as listed above. The City's deposits and investment policy are in accordance with statutory authority.

As of June 30, 2004, the City's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 2,228,969	\$ 601,989	\$ 6,895	\$ 2,837,853
Restricted assets	97,914	485,810		583,724
	<u>\$ 2,326,883</u>	<u>\$ 1,087,799</u>	<u>\$ 6,895</u>	<u>\$ 3,421,577</u>

At June 30, 2004, the carrying amount of the City's deposits with financial institutions was \$3,433,667 of which \$300,000 was covered by federal depository insurance. From time to time throughout the year, cash held at the bank may exceed FDIC limits. Deposits are held with three financial institutions and are carried at cost plus accrued interest.

Investments are normally categorized to give an indication of the level of risk assumed by the City; however, bank demand deposits and certificates of deposit are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes the investments in the funds comply with the investment authority noted above.

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

NOTE 3 - RECEIVABLES

The City reported the following receivables as of June 30, 2004:

	<u>Taxes</u>	<u>Accounts</u>	<u>Connection Fees</u>	<u>Special Assessments</u>	<u>Due from Other Governments</u>	<u>Total Receivables</u>
Governmental Activities						
General	\$ 18,088	\$	\$	\$	\$ 107,486	\$ 125,574
Major streets				10,398	32,015	42,413
Local streets					9,606	9,606
Building department		165				165
Total Governmental Activities	\$ 18,088	\$ 165	\$ --	\$ 10,398	\$ 149,107	\$ 177,758
Business-type Activities						
Sewer	\$	44,673	\$	\$ 34,213	\$	\$ 78,886
Water		52,138	16,761	15,876		84,775
Total Business-Type Activities	\$ --	\$ 96,811	\$ 16,761	\$ 50,089	\$ --	\$ 163,661

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

NOTE 4 - RESTRICTED ASSETS

Assets restricted for public transit, escrow deposits, and the K/L Dunes Preserve in the General Fund consisted of money market accounts amounting to \$97,914 as of June 30, 2004.

Assets restricted for debt retirement in the Enterprise Funds consisted of the following at June 30, 2004:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals</u>
Money market accounts	\$ 267,778	\$ 218,032	\$ 485,810
Special assessment receivable - current	<u>20,287</u>	<u>2,653</u>	<u>22,940</u>
	<u>\$ 288,065</u>	<u>\$ 220,685</u>	<u>\$ 508,750</u>

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance July 1, 2003	Additions	Disposals and Adjustments	Balance June 30, 2004
Assets not being depreciated - Land	\$ 63,007	\$	\$	\$ 63,007
Capital assets being depreciated				
Buildings	445,234			445,234
Improvements other than buildings	875,460			875,460
Vehicles and equipment	672,134	19,241		691,375
Furniture and equipment	476,448	96,036	27,513	544,971
Infrastructure	--	595,091		595,091
Subtotal	2,469,276	710,368	27,513	3,152,131
Accumulated depreciation				
Buildings	227,057	11,095		238,152
Improvements other than buildings	259,061	29,564		288,625
Vehicles and equipment	424,049	31,250		455,299
Furniture and equipment	389,930	44,035	23,953	410,012
Infrastructure	--	1,847		1,847
Subtotal	1,300,097	117,791	23,953	1,393,935
Net capital assets being depreciated	1,169,179	592,577	3,560	1,758,196
Governmental Activities - Capital Assets, net of depreciation	\$ 1,232,186	\$ 592,577	\$ 3,560	\$ 1,821,203

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Business-type Activities	Balance July 1, 2003	Additions	Disposals and Adjustments	Balance June 30, 2004
Assets not being depreciated - Land	\$ 15,800	\$	\$	\$ 15,800
Capital assets being depreciated				
Buildings	41,010			41,010
Sewer System	7,317,900			7,317,900
Water System	4,137,236			4,137,236
Equipment	179,878			179,878
Subtotal	11,676,024	--	--	11,676,024
Accumulated depreciation				
Buildings	41,010			41,010
Sewer System	3,641,696	170,439		3,812,135
Water System	1,994,754	98,115		2,092,869
Equipment	174,081	1,246		175,327
Subtotal	5,851,541	269,800	--	6,121,341
Net capital assets being depreciated	5,824,483	(269,800)	--	5,554,683
Business-type Activities - Capital Assets, net of depreciation	\$ 5,840,283	\$ (269,800)	\$ --	\$ 5,570,483

Depreciation expense was charged to programs of the City as follows:

Governmental Activities	
General Government	\$ 45,449
Public Safety	35,315
Public Works	37,027
Total Governmental Activities	\$ 117,791
Business-type Activities	
Sewer	\$ 171,376
Water	98,424
Total Business-type Activities	\$ 269,800

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were no interfund receivables or payables as of June 30, 2004.

Interfund Transfers

Transfers (out)	General Fund	Transfers in		Total
		Major Street Fund	Local Street Fund	
General Fund	\$	\$	\$	\$
Major Street Fund	11,100		40,000	51,100
Local Street Fund	3,700			3,700
Public Improvement Fund	95,000	200,000	12,000	307,000
Building Department Fund	15,000			15,000
Vehicle Replacement Fund	21,000			21,000
Sewer Fund	37,000			37,000
Water Fund	74,000			74,000
	<u>\$ 256,800</u>	<u>\$ 200,000</u>	<u>\$ 52,000</u>	<u>\$ 508,800</u>

NOTE 7 - COMPENSATED ABSENCES

Employees of the City are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The City's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE 8 - LONG-TERM DEBT

The City has entered into various contractual agreements with Ottawa County to provide for the construction and expansion of certain water/sewer system improvements. The City has pledged its full faith and credit for the payment of the contractual payments and is required annually to levy taxes upon all taxable property within the City to the extent necessary to make the contractual payments. The contracts are reported in the enterprise funds and are expected to be repaid from enterprise revenues.

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Long-term debt consists of the following:

	Business- Type Activities
Contracts payable to Ottawa County for -	
Ottawa County Refunding Bonds (Northwest Ottawa Water) due in annual principal installments of \$39,505 to \$55,125 through January 1, 2015, plus interest at 4.9% to 7.6%	\$ 537,325
Northwest Ottawa Water Supply System Bonds due in annual principal installments of \$58,695 to \$92,106 through October 1, 2010, plus interest at 4.3% to 4.7%	534,965
Ottawa County Refunding Bonds (City of Ferrysburg Sewage Disposal System) due in annual principal installments of \$220,000 through November 1, 2004, plus interest at 4.3%	215,673
Ottawa County Refunding Bonds (Northwest Ottawa Water Treatment Intake) due in annual installments of \$34,080 to \$41,280 through May 1, 2010, plus interest at 2% to 3.2%	214,941
Ottawa County Water Supply and Sewage Disposal System Bonds due in annual principal installments of \$25,000 to \$47,513 through November 1, 2009, plus interest at 4.3% to 4.6%	172,418
Ottawa County Refunding Bonds (Northwest Ottawa Water Treatment System), due in annual installments of \$24,248 to \$35,642 through May 1, 2010, plus interest at 2% to 3.2%	169,526
	<u>\$ 1,844,848</u>

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Transactions for the year ended June 30, 2004 are summarized as follows:

	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Business-Type Activities				
County contractual obligations	\$ 2,340,007	\$ (435,068)	\$ 1,904,939	\$ 435,435
Less				
Amortized bond premium	83,725	(23,634)	60,091	--
Total Business-type Activities	\$ 2,256,282	\$ (411,434)	\$ 1,844,848	\$ 435,435

Advance Refunding of Bonds

During fiscal year 1999, the County of Ottawa issued general obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on certain refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the books and records of the County of Ottawa, and the proprietary funds to which they relate for the City of Ferrysburg. This advanced refunding was undertaken to reduce total debt service payments over the next six to twelve years, of which the City of Ferrysburg's share, in total, represents approximately \$157,400.

During the fiscal year 2003, the County of Ottawa issued general obligation bonds to refund two existing bond issues. This refunding was undertaken to take advantage of lower interest rates and reduce total debt service payments over the next seven years, of which the City of Ferrysburg's share, in total, represents approximately \$23,200.

The difference between the reacquisition price (the amount required to repay previously issued debt), and the net carrying amount of the old debt, has been deferred and will be amortized as a component of interest expense over the remaining life of the newly issued debt. At June 30, 2004, the City of Ferrysburg has recognized, within its proprietary funds, a net deferral of \$60,091.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

The annual aggregate maturities for the years subsequent to June 30, 2004, are as follows:

<u>Years ending June 30:</u>	<u>Business-type Activities</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	
2005	\$ 435,435	\$ 79,677	\$ 515,112
2006	204,083	67,086	271,169
2007	231,389	58,324	289,713
2008	230,855	48,612	279,467
2009	230,329	38,649	268,978
2010-2014	517,723	76,729	594,452
2015-2019	55,125	3,584	58,709
	<u>1,904,939</u>	<u>372,661</u>	<u>2,277,600</u>
Advance refunding amortization	<u>(60,091)</u>	<u>--</u>	<u>(60,091)</u>
Total	\$ <u>1,844,848</u>	\$ <u>372,661</u>	\$ <u>2,217,509</u>

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

NOTE 8 - MICHIGAN MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)

Plan Description and Provisions

The City of Ferrysburg contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan. Substantially all full-time employees of the City of Ferrysburg are eligible to participate in MERS. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system.

Employees attaining the age of 50 who have completed 25 or more continuous years of service are entitled to annual benefits of 2.25% of their final average compensation for each year of service. The benefit is reduced .5% of 1% of each complete month that retirement precedes the normal retirement age of 60. The MERS permits early retirement at the completion of 25 years of continuous service. Active employees who become disabled after acquiring ten or more years of continuous service are entitled to annual benefits of 2.25% of their final average compensation for each year of service.

If an active employee or vested former employee with ten or more years of service dies before retirement, a monthly survivor allowance may be payable as follows:

- Named contingent survivor beneficiary (if any) will receive a retirement allowance computed in the same manner as a service retirement allowance, but reduced to reflect an Option II (100% joint and survivor) election.
- No named beneficiary and the employee leaves a spouse, the spouse will receive a survivor allowance. The amount of allowance shall be 85% of the deceased employee's accrued retirement allowance, based upon service and final average compensation at time of death.
- No named beneficiary and no retirement allowance being paid to a surviving spouse, unmarried children under the age of 21 will be paid an equal share of 50% of the deceased employee's accrued retirement allowance.

If an employee terminates employment with the City before age 60, other than by retirement or death, the retirement allowance is computed in the same manner as a service retirement with the applicable benefit being determined as of the date of termination. Rights to an allowance are forfeited if the employee's accumulated contributions are withdrawn.

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Employees are required to contribute 5% of their annual covered salary to the MERS. The City is required to contribute the remaining amount necessary to fund the MERS, using the entry age-normal actuarial method as specified by ordinance. The contribution requirement and the actual contribution for the year ended June 30, 2004 was approximately \$11,000 as determined by the actuarial valuation report of December 31, 2002.

Funding Status and Progress

The most recent actuarial valuation was prepared as of December 31, 2003 and uses the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% per year (5% for 1996 and 1995) compounded annually, attributable to inflation, (c) additional projected salary increases ranging from -0-% to 4.16% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year after retirement, for persons falling under certain benefit levels.

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

Funding progress for MERS:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as % of Payroll
12/31/01	\$ 449,437	\$ 548,201	\$ 98,764	81.98%	\$ 240,109	41.13%
12/31/02	476,676	808,795	332,119	58.94%	278,403	119.29%
12/31/03	511,479	881,099	369,620	58.05%	315,744	117.06%

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and certain natural disasters. The City purchases commercial insurance with limits to cover substantially all potential losses.

NOTE 10 - EXPENDITURES IN EXCESS OF BUDGET

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts budgeted.

In the required supplemental information, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the City for these budgetary funds were adopted at the departmental line item level.

During the year ended June 30, 2004, the City incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated at the department level, as follows:

	Budget Appropriation	Actual Expenditure
Major Street Fund - Highways and Streets	\$ 539,500	\$ 662,499
Local Street Fund - Highways and Streets	72,600	78,571

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

NOTE 11 - COMMITMENTS

The City has entered into two contracts to construct, repair, and refurbish various parts of its infrastructure, including roads and bike paths. The total estimated cost to the City on these contracts is approximately \$209,000. All of these contracts were effective subsequent to the year ended June 30, 2004 and no costs have been incurred related to these contracts.

REQUIRED SUPPLEMENTAL INFORMATION

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Over (Under)</u>
Budgetary Fund Balance, July 1, 2003	\$ 732,411	\$ 732,411	\$ 732,411	\$ --
Resources (Inflows)				
Taxes and special assessments	703,375	703,375	702,178	(1,197)
State grants	286,000	286,000	267,429	(18,571)
Charges for services	53,000	53,000	54,125	1,125
Fines and forfeits	12,200	12,200	22,213	10,013
Interest	40,000	40,000	20,381	(19,619)
Other income	5,000	5,000	43,659	38,659
Transfers from other funds	<u>335,800</u>	<u>335,800</u>	<u>256,800</u>	<u>(79,000)</u>
Amounts Available for Appropriation	1,435,375	1,435,375	1,366,785	(68,590)
Charges to Appropriation (Outflows)				
General government	487,800	487,800	427,042	(60,758)
Public safety	497,555	497,555	479,223	(18,332)
Public works	107,700	107,700	84,998	(22,702)
Recreation and culture	268,500	288,500	221,298	(67,202)
Other services	102,300	82,300	26,912	(55,388)
Capital outlay	120,000	120,000	--	(120,000)
Transfers to other funds	<u>25,000</u>	<u>25,000</u>	<u>--</u>	<u>(25,000)</u>
Total Charges to Appropriations	<u>1,608,855</u>	<u>1,608,855</u>	<u>1,239,473</u>	<u>(369,382)</u>
BUDGETARY FUND BALANCE - June 30, 2004	\$ <u><u>558,931</u></u>	\$ <u><u>558,931</u></u>	\$ <u><u>859,723</u></u>	\$ <u><u>300,792</u></u>

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

BUDGETARY COMPARISON SCHEDULE - MAJOR STREET FUND

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Over (Under)</u>
Budgetary Fund Balance, July 1, 2003	\$ 310,490	\$ 310,490	\$ 310,490	\$..
Resources (Inflows)				
State grants	180,000	180,000	563,626	383,626
Special assessments	3,400	3,400	3,466	66
Interest	4,800	4,800	3,563	(1,237)
Transfers from other funds	<u>447,500</u>	<u>447,500</u>	<u>200,000</u>	<u>(247,500)</u>
Amounts Available for Appropriation	635,700	635,700	770,655	134,955
Charges to Appropriation (Outflows)				
Highways and streets				
Street construction	447,500	447,500	580,754	133,254
Street maintenance	92,000	92,000	81,745	(10,255)
Transfers to other funds	<u>51,100</u>	<u>51,100</u>	<u>51,100</u>	<u>--</u>
Total Charges to Appropriations	<u>590,600</u>	<u>590,600</u>	<u>713,599</u>	<u>122,999</u>
BUDGETARY FUND BALANCE - June 30, 2004	\$ <u><u>355,590</u></u>	\$ <u><u>355,590</u></u>	\$ <u><u>367,546</u></u>	\$ <u><u>11,956</u></u>

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

BUDGETARY COMPARISON SCHEDULE - LOCAL STREET FUND

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Over (Under)</u>
Budgetary Fund Balance, July 1, 2003	\$ 177,760	\$ 177,760	\$ 177,760	\$ --
Resources (Inflows)				
State grants	53,000	53,000	56,521	3,521
Interest	2,000	2,000	1,689	(311)
Transfers from other funds	<u>52,000</u>	<u>52,000</u>	<u>52,000</u>	<u>--</u>
Amounts Available for Appropriation	107,000	107,000	110,210	3,210
Charges to Appropriation (Outflows)				
Highways and streets				
Street construction	12,000	12,000	11,460	(540)
Street maintenance	60,600	60,600	67,111	6,511
Transfers to other funds	<u>3,700</u>	<u>3,700</u>	<u>3,700</u>	<u>--</u>
Total Charges to Appropriations	<u>76,300</u>	<u>76,300</u>	<u>82,271</u>	<u>5,971</u>
BUDGETARY FUND BALANCE - June 30, 2004	\$ <u>208,460</u>	\$ <u>208,460</u>	\$ <u>205,699</u>	\$ <u>(2,761)</u>

THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN

BUDGETARY COMPARISON SCHEDULE - PUBLIC IMPROVEMENT FUND

Year Ended June 30, 2004

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Budgetary Fund Balance, July 1, 2003	\$ 349,582	\$ 349,582	\$ 349,582	\$..
Resources (Inflows)				
Taxes	309,050	309,050	307,868	(1,182)
Interest	<u>10,400</u>	<u>10,400</u>	<u>5,714</u>	<u>(4,686)</u>
Amounts Available for Appropriation	319,450	319,450	313,582	(5,868)
Charges to Appropriation (Outflows)				
Transfers to other funds	<u>611,500</u>	<u>611,500</u>	<u>307,000</u>	<u>(304,500)</u>
BUDGETARY FUND BALANCE - June 30, 2004	\$ <u>57,532</u>	\$ <u>57,532</u>	\$ <u>356,164</u>	\$ <u>298,632</u>

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

BUDGETARY COMPARISON SCHEDULE - VEHICLE REPLACEMENT FUND

Year Ended June 30, 2004

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Budgetary Fund Balance, July 1, 2003	\$ 580,437	\$ 580,437	\$ 580,437	--
Resources (Inflows)				
Taxes	87,340	87,340	87,147	(193)
Interest	<u>20,200</u>	<u>20,200</u>	<u>6,381</u>	<u>(13,819)</u>
Amounts Available for Appropriation	107,540	107,540	93,528	(14,012)
Charges to Appropriation (Outflows)				
Transfers to other funds	<u>127,540</u>	<u>127,540</u>	<u>106,000</u>	<u>(21,540)</u>
BUDGETARY FUND BALANCE - June 30, 2004	\$ <u>560.437</u>	\$ <u>560.437</u>	\$ <u>567.965</u>	\$ <u>7,528</u>

**THE CITY OF FERRYSBURG
OTTAWA COUNTY, MICHIGAN**

BUDGETARY COMPARISON SCHEDULE - BUILDING DEPARTMENT FUND

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Over (Under)</u>
Budgetary Fund Balance, July 1, 2003	\$ 54,464	\$ 54,464	\$ 54,464	\$ --
Resources (Inflows)				
Licenses and permits	40,500	40,500	55,827	15,327
Interest	<u>1,000</u>	<u>1,000</u>	<u>751</u>	<u>(249)</u>
Amounts Available for Appropriation	41,500	41,500	56,578	15,078
Charges to Appropriation (Outflows)				
Other	41,500	41,500	25,627	(15,873)
Transfers to other funds	<u>--</u>	<u>--</u>	<u>15,000</u>	<u>15,000</u>
Total Charges to Appropriations	<u>41,500</u>	<u>41,500</u>	<u>40,627</u>	<u>(873)</u>
BUDGETARY FUND BALANCE - June 30, 2004	\$ <u>54,464</u>	\$ <u>54,464</u>	\$ <u>70,415</u>	\$ <u>15,951</u>